

MINUTES OF ROANOKE CITY AUDIT COMMITTEE

October 15, 2002

1. CALL TO ORDER:

The meeting of the Roanoke City Audit Committee was called to order at 1:00 p.m. on Tuesday, October 15, 2002, with Chair, Linda F. Wyatt, presiding.

- **The roll was called by Mrs. Powers**

Audit Committee

Members Present: Linda F. Wyatt, Chair
William D. Bestpitch
William H. Carder
Dr. M. Rubert Cutler
Alfred T. Dowe, Jr.

Others Present: Drew Harmon, Municipal Auditor
Darlene L. Burcham, City Manager
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Rolanda Johnson, Asst. City Manager for Community Development
Chip Snead, Asst. City Manager for Operations
Major James Brubaker, Sheriff's Department
Ann Shawver, Deputy Director of Finance
Chris Slone, Public Information Officer
Mike Tuck, Assistant Municipal Auditor
Pamela Mosdell, Senior Auditor
Kevin Nicholson, Senior Auditor
Brian Garber, Senior Auditor
Evelyn Powers, Administrative Assistant
Todd Jackson, Roanoke Times Reporter

2. INTERNAL AUDIT REPORTS:

- A. Data Mining
- B. Sheriff Canteen and Jail Inmate Fund
- C. Police Department Cash Funds
- D. Civic Center
- E. Audit Findings Follow-Up

Mrs. Wyatt ordered that the internal audit reports be received and filed. There were no objections to the order. Mrs. Wyatt recognized Mr. Harmon for comments.

Mr. Harmon reported that each in-charge auditor would brief the Committee on the individual reports. Pamela Mosdell briefed the Committee on the Data Mining audit

report. Mr. Dowe asked if this was something that the audit department has done before. Mr. Harmon responded that this was the first time that the audit department had used this technique. Mr. Dowe said that he hoped that the audit department would continue performing this type of audit work. There were no further questions.

Mr. Harmon reported to the Committee that the Auditor of Public Accounts had revised the specifications regarding the Sheriff's annual audit. Mr. Nicholson who was the in-charge auditor briefed the Committee on the audit. Dr. Cutler asked what type of expenditures was purchased from the Canteen account. Mr. Nicholson reported that they purchased items such as uniforms, shoes, and bedding. Mr. Harmon responded that they also purchased items such as newspapers and magazines to benefit all inmates. Mrs. Wyatt requested that we describe some to the recommended accounting changes. Mr. Harmon reported that the audit looked at three different areas in addition to the routine canteen fund audit. The areas were the work release program, telephone commissions, and medical co-payments. Mr. Harmon said that these funds were hard to follow because the funds are commingled. Mr. Harmon said that the Sheriff and Finance have agreed to track these funds for better accountability. Dr. Cutler asked about the medical co-payment. Major Brubaker explained that the inmates paid a \$10 medical co-payment for medical and a \$5 co-payment for prescription drugs. Major Brubaker said that no inmate is ever denied medical benefits. Mrs. Wyatt said that she was happy to witness how well the Sheriff and the audit department worked together.

Mr. Garber briefed the Committee on the Police Department Cash Funds audit. Mr. Garber reported that there were no reportable findings. Mr. Carder said to inform the Chief on a job well done. There were no further questions.

Mrs. Mosdell briefed the Committee on the Civic Center audit. Mr. Bestpitch was concerned that management's response regarding the findings did not respond to the recommendations by auditing. Mr. Harmon responded to the Committee that he gave management little time to respond to the report. Mr. Harmon said that the Purchasing Department is working on a Purchasing Manual and that the draft clearly states that all departments must go through the Purchasing Department in regards to procurement activities such as the findings at the Civic Center. Ms. Burcham said that the purchasing concerns have been discussed with the entire organization and that the entire organization has increased responsibility and accountability in regards to the purchasing activities of the City. Mr. Bestpitch said that his concern was to have these activities apply across the board and to get the situation straight. Ms. Burcham said that as soon as the problem at the Civic Center was identified that management took immediate steps to correct the situation and a different approach is now in place. Ms. Burcham said that this is a good reason for having an audit department they identify areas of weakness and recommend ways to provide better systems and internal controls. Mr. Bestpitch asked if the City was going to go through an outside vendor to provide part-time staffing at the Civic Center. Ms. Burcham said that at the present time she did not see any reason why the City needed to use an outside vendor. She said that she did not want to say never because things could change, but for now all related departments such as Finance, Human Resources, City Attorney's Office, and

Purchasing had met and agreed that the City could handle the hiring of the part-time staff at the Civic Center. Mr. Dowe asked what other additional work was planned for the Civic Center. Mr. Harmon reported to the Committee that he plans on looking at the event accounting records as soon as new accounting staff is hired. Mr. Harmon reported that the current Accountant is retiring in November. There were no further questions.

Mr. Harmon briefed the Committee on the Audit Findings Follow-Up audit. Mr. Harmon reported to the Committee that the departments had done an outstanding job clearing the findings and that 48 of the 54 findings were satisfied. Mr. Carder thanked the City Manager for her outstanding role in making sure these items were taken care of, and the Auditing department for a thorough job. Mr. Bestpitch asked if there were any reports on the results of the fuel tank leak test to ensure that the City was in compliance with environmental regulations. Mr. Bestpitch wanted to make sure that no tanks tested positive for leaks. Mrs. Mosdell said there were no problems with the test.

3. UNFINISHED BUSINESS:

A. Retirement Audit Report – Update from Director of Finance

Mr. Hall reported to the Committee that the June 6, 2002 Audit Committee agenda included a report on retirement. This report has a finding regarding a \$1,300 expenditure that did not comply with City Administrative policies. Mr. White, the former Audit Committee Chairman, recommended that this issue be discussed with the Pension Board of Trustees. On October 9, 2002, the Pension Board of Trustees approved a motion to comply with applicable City Administrative Policies and Procedures, unless otherwise provided for in the City Code sections pertaining to Pensions and Retirement, or unless the Board approved in advance, or in the case of an emergency, with permission of the Chair, to deviate from a specific policy. For example, should the Board want to send flowers or some other type of memoriam due to the death of a Board member. It was agreed that occurrences of this nature would be infrequent and involve relatively small amounts of funds.

4. NEW BUSINESS:

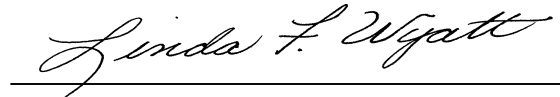
There was no new business to come before the Committee.

5. OTHER BUSINESS:

There was no other business to come before the Committee.

6. ADJOURNMENT:

There being no further business, the meeting was adjourned at 1:31 p.m.

A handwritten signature in cursive script, reading "Linda F. Wyatt", is positioned above a horizontal line.

Linda F. Wyatt, Chair